**

Technical Services Reports

Committee Consideration – 14 July 2020

Council Resolution – 28 July 2020

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| TS13.20 Underground Power – Hollywood East, Nedlands North and Nedlands West |

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| **Committee** | 14 July 2020 |
| **Council** | 28 July 2020 |
| **Applicant** | City of Nedlands |
| **Employee Disclosure under *section 5.70 Local Government Act 1995*** | Nil |
| **Director** | Jim Duff – Director Technical Services |
| **Attachments** | 1. Western Power Works Planning Report – Hollywood East 2. Western Power Works Planning Report – Nedlands North 3. Western Power Works Planning Report – Nedlands West |
| **Confidential Attachments** | Nil |

**Executive Summary**

The 2020/21 operations budget includes a provisional estimate of $180,000 for the design of underground power in Hollywood East, Nedlands North and Nedlands West. The Western Power design proposal cost of $983,260 was received with insufficient time for its inclusion in the 2020/21 budget. An increase in the operating budget of $803,260 is requested.

**Recommendation to Committee**

**Council:**

**1. Approves an increase in the operations budget from $180,000 to $983,260 to fund the design of underground power in Hollywood East, Nedlands North and Nedlands West. The additional cost to come from the Underground Power Reserve Fund.**

**2. Approves the CEO to authorise Western Power to proceed with the scoping and planning phase of the Hollywood East, Nedlands North and Nedlands West underground power projects as detailed in the Works Planning Reports dated 16 June.**

**Discussion/Overview**

**Project Justification**

Approximately 78% of the City has underground power installed to their properties, with approximately 1,700 properties remaining without underground power in Hollywood East, Nedlands North and Nedlands West, Mt Claremont.

Underground power provides the following benefits:

* Improve the standard of electricity supply by addressing reliability and network performance issues.
* Cost savings through reduced maintenance and distribution losses.
* Reduced vehicle collisions with power poles.
* Reduced accidents due to live wire contact.
* Reduced visual impact of the overhead infrastructure on the community.
* Improved street tree canopy as trees can grow unimpeded by overhead powerlines.
* Improved and more sustainable street lighting.

**Expenditure to Date**

Expenditure to date is $54,000 in 2019/20 for Western Power to complete the first phase of the projects, producing Work Planning Reports for each project (see Attachments 1, 2 and 3). This expenditure was allowed for in the 2019/20 operating budget.

**Cost Estimate and Schedule**

The City received Works Planning Reports from Western Power on 16 June 2020 for the following proposed underground power projects:

* Hollywood East – 800 Lots
* Nedlands North (Floreat) – 233 Lots
* Nedlands West (Mount Claremont) – 620 Lots

The Works Planning Reports provide a project schedule and +/-30% cost estimate. The project schedule is shown in Table 1 and the cost estimates in Table 2.

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| **Description** | **Date** |
| LGA Approval | Mid July 2020 |
| Business Case Approval | June 2021 |
| Agreement Approval | July 2021 |
| Project Start | July 2021 |
| In Service | August 2022 |

Table 1 – Project Schedule

Note: Schedule assumes all three projects are undertaken concurrently.

|  |  |  |  |
| --- | --- | --- | --- |
| **Location** | **Total Cost** | **Western Power Contribution (Net Benefits)** | **Nedlands Contribution** |
| Hollywood East | $10.456m | $3.210m | $7.246m |
| Nedlands North | $4.829m | $1.430m | $3.399m |
| Nedlands West | $8.831m | $2.449m | $6.382m |
| Total | $24.116m | $7.089m | $17.027m |

Table 2 – Cost Estimates (+/-30%)

The Western Power contribution (net benefit) is current as of May 2020, is subject to change with ageing of assets and will be recalculated during the scoping and planning phase.

Western Power’s preference is to undertake the works in the following order:

1. Hollywood East
2. Nedlands North
3. Nedlands West

Undertaking the works in this order is likely to result in the highest Western Power contribution (net benefit) as it would avoid having to commence replacement of ageing assets in Hollywood East as part of ongoing maintenance.

**Western Power Design Proposal**

The Western Power scoping and planning fee proposal, excluding GST and Capital Contribution Recovery Tax, is shown below in Table 3.

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| **Location** | **Cost** |
| Hollywood East | $414,580 |
| Nedlands North | $205,026 |
| Nedlands West | $363,654 |
| Total | $983,260 |

Table 3 – Western Power Design Proposal

The scope of work comprises the following:

* RFQ for engineering and design.
* Detailed design.
* Community consultation.
* Construction RFQ (to inform the +/-10% estimate).

**Key Relevant Previous Council Decisions:**

Nil

**Consultation**

The community was notified through Your Voice in January 2020 that the City is progressing with the detailed designs for the three remaining areas (Hollywood East, Nedlands North and Nedlands West, Mt Claremont) for the installation of underground power. Western Power have been engaged to complete the detailed designs and cost estimates which is due by mid-2020. Once the designs are received a report will be presented to Council.

Western Power will undertake community consultation on behalf of the City as part of the scoping and planning phase. The City will assist Western Power with community engagement as required.

**Strategic Implications**

**How well does it fit with our strategic direction?**

Underground power is identified in the Strategic Community Plan 2018-2028 as a priority. This Strategic Community Plan and associated Long Term Financial Plan seeks to deliver underground power to all properties in the district.

**Who benefits?**

Approximately 78% of the City has underground power installed to their properties, with approximately 1,700 properties remaining without underground power in Hollywood East, Nedlands North and Nedlands West, Mt Claremont. Completion of the program will ensure an equitable distribution of benefits.

**Does it involve a tolerable risk?**

Yes, the risk is tolerable. Construction risks will be mitigated through best practice detailed design and cost estimation processes. Western Power has completed a number of these types of projects since the West Hollywood project. This has resulted in improved data to estimate costs more accurately.

**Do we have the information we need?**

Yes.

**Budget/Financial Implications**

The 2020/21 operations budget includes a provisional estimate of $180,000 for the design of underground power in Hollywood East, Nedlands North and Nedlands West, Mt Claremont. The Western Power design cost was received with insufficient time for inclusion in the 2020/21 budget. The Administration provisional estimate of $180,000 was based on the West Hollywood design cost of $119,404 for 600 lots. Western Power have advised that the upfront design cost per allotment for the West Hollywood project was lower as scoping and planning costs were recovered later in the project and unit rates have increased since November 2016.

An increase in the operating budget of $803,260 is required for the design of underground power in Hollywood East, Nedlands North and Nedlands West. The additional cost is proposed to come from the Underground Power Reserve Fund.

**Can we afford it?**

The installation of underground power to remaining properties within the City has been provisionally allowed for in the Long-Term Financial Plan (LTFP). Underground power is a Western Power asset with a funding contribution for design and construction from the City of Nedlands and benefiting residents. Maintenance costs will be borne by Western Power over the lifecycle of the asset.

The +/-30% cost estimate to deliver all three projects is $17.027m. The LTFP has a provisional contribution of $3.8m to underground power. Allowing for 50% contribution from benefiting residents the current LTFP funding capacity is $7.6m. Additional City funding of $4.714m will be required from borrowing to meet the shortfall.

**How does the option impact upon rates?**

The installation of underground power may result in rate increases if revenue in addition to current LTFP strategies is not identified.

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| TS14.20 Safe Active Streets Stage 2 – Variation Costs |

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| --- | --- |
| **Committee** | 14 July 2020 |
| **Council** | 28 July 2020 |
| **Applicant** | City of Nedlands |
| **Employee Disclosure under *section 5.70 Local Government Act 1995*** | Nil |
| **Director** | Jim Duff – Director of Technical Services |
| **Attachments** | Nil. |
| **Confidential Attachments** | Nil. |

**Executive Summary**

The report seeks Council approval to increase the budget for the Safe Active Street project by reinstating $300,000 of municipal funds relinquished as part of the City’s 2019/20 mid-year review, and allocating a further $100,000 to enable the completion of Stage 2 works from Dalkeith Road to the termination point at the City boundary near Bay Road.

**Recommendation to Committee**

**Council approve an increase to the budget for the Safe Active Street project by reinstating $300,000 of municipal funds relinquished as part of the City’s 2019/20 mid-year review and allocating a further $100,000 to enable the completion of Stage 2 works from Dalkeith Road to the agreed termination point at the City boundary near Bay Road.**

**Discussion/Overview**

The City entered a contract in September 2019 with West Coast Profiling Civil Pty Ltd to undertake the Safe Active Streets Project in two stages.

Stage 1 of the project was completed in January 2020. During construction, several unforeseen site issues were encountered requiring additional work to be undertaken by the contractor, with the costs of the works shared between the City, Department of Transport and the Contractor.

Prior to the commencement of Stage 2 works, Administration initiated a review of the design to minimise the risk of similar issues being encountered. The revised design now reduces the potential impacts on verge reinstatements, driveway crossovers, street trees, footpath levels and utility infrastructure, while retaining the original SAS traffic calming features. However, the revised estimate for the works confirmed there will be a shortfall in the available budget to complete the works as originally planned and agreed with the Department of Transport.

The original project budget included grant funds of $1,900,000 from the Department of Transport, with a secondary line item of $700,000 of municipal funds for Western Power, Main Roads WA and drainage upgrades to complete the Safe Active Street project. As part of the 2019/20 mid-year review process Administration forecast that the full $700,000 would not be required and recommended a reduction of the overall budget by $300,000. The revised estimate for the Stage 2 now exceeds the remaining DOT and City budget by approximately $400,000.

Council should be aware the SAS project has been inactive for several months while the design review and negotiations with the Contractor and DOT have been ongoing. The City is under increasing pressure from the community to complete the project, with sections of the works unfinished and under temporary traffic management.

Administration has had several meetings with the Contractor to expedite an acceptable solution and is continuing to work with the DOT and the Contractor to have them remobilise to site to complete the extent of works within the available budget.

Alternatively, Council could increase the budget for the Safe Active Street project by reinstating $300,000 of municipal funds relinquished as part of the City’s 2019/20 mid-year review and allocating a further $100,000 to enable the completion of Stage 2 works from Dalkeith Road to the agreed termination point at the City boundary near Bay Road.

**Key Relevant Previous Council Decisions:**

Ordinary Meeting of Council 28 November 2017, Item 12.3 Report No. TS11.17

*“Council endorses the Community Engagement Plan for the Safe Active Streets Program in Elizabeth Street and Jenkins Avenue.”*

Ordinary Meeting of Council 26 June 2018, Item 12.3 Report No. TS11.18

*“Council recognises the level of community support for the Safe Active Streets programme in Elizabeth Street and Jenkins Avenue, and authorises the Chief Executive Officer to enter into a contractual arrangement with the Department of Transport for the delivery of the project fully funded by the Department.”*

Ordinary Meeting of Council 25 June 2019, Item No. 13.7

*“Council agrees to award Tender No. RFT2018-19.10 to WCP Civil Pty Ltd for the Safe Active Streets Road Rehabilitation and improvement project as per the lump sum price (confidential Attachment 1) submitted”; and*

*“Authorises the Chief Executive Officer (CEO) to enter into a contract with WCP Civil Pty Ltd and sign an acceptance of offer for this tender, subject to CEO negotiation on minor variations”*

**Consultation**

Consultation has already been undertaken for this project with all properties bounded by Bay Road, Princess Road, Broadway and Stirling Highway (except for properties fronting the highway). This area includes the intersecting streets with Jenkins and Elizabeth, approximately 1400 properties. The consultation included:

* 2,092 postcards to project area
* 25 letters to specific stakeholders
* 2 x information sessions
* Reports on Your Voice and community media

The community have provided significant support for the safe active streets proposal with 73 percent of the overall consultation area in support of the project, including 56 percent of residents that are immediately impacted by the project.

**Strategic Implications**

**How well does it fit with our strategic direction?**

Section 05 of the Strategic Community Plan identifies “Renewal of community infrastructure such as roads, footpaths, community and sports facilities” and “Providing for sport and recreation” as priorities.

**Who benefits?**

Completing the project will benefit the community by providing a safe road environment for all road users making cycling safer, particularly children on their routes to school

**Does it involve a tolerable risk?**

Administration has received a significant number of enquiries from the public questioning the reasons why the project has been inactive for several months. Administration issued letters to the residents adjoining the Stage 2 works advising works would recommence on site on the 22 June 2020, however, the works remobilisation was again delayed. Given the prolonged inactivity on site this situation has the potential to cause reputational damage with the Community and DOT while recommencement of the works is delayed.

**Do we have the information we need?**

A new design has been produced based on the lessons learned from Stage 1.

**Budget/Financial Implications**

**Can we afford it?**

**How does the option impact upon rates?**

Increase to the budget for the Safe Active Street project by reinstating $300,000 of municipal funds relinquished as part of the City’s 2019/20 mid-year review and allocating a further $100,000 will have no impact on the 2020/21 rates. Administration will prepare a list of lower priority projects that could be considered for deferral by Council in the 2020/21 Capital Works Program should funding become an issue.